

## Message Text

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C O N F I D E N T I A L STATE 166342

E.O. 11652: XGDS-2

TAGS: EG, IS, PINR

SUBJECT: INTSUM 359 - JULY 15, 1977

MOSCOW, KUWAIT, SANA FOR AMBASSADORS

LONDON FOR KINSOLVING

1. ISRAEL. IT IS WIDELY ANTICIPATED THAT PRIME MINISTER  
BEGIN WILL BRING TO WASHINGTON A SET OF PROPOSALS  
OUTLINING THE ISRAELI POSITIONS ON RESOLVING MANY OF THE  
KEY MIDDLE EAST ISSUES. THESE PROPOSALS--DESCRIBED BY  
THE ISRAELI PRESS AS BEGIN'S "PLAN" FOR PEACE--HAVE BEEN  
ENDORSED BY HIS CABINET AND ARE SAID TO BE THE MOST DE-  
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TAILED EVER PRESENTED BY ISRAEL.

2. BEGIN'S DECISION TO PRESENT HIS OWN "PEACE PLAN"  
SEEMS TO BE THE RESULT OF SEVERAL TACTICAL CONSIDERATIONS.  
IN OUR VIEW, BEGIN APPARENTLY WANTS TO:

(A) PRESENT AN ISRAELI RIPOSTE TO WHAT BEGIN CONSIDERS

TO BE UNPALATABLE ELEMENTS IN THE US POSITION;

(B) SHOW THAT ISRAEL IS GENUINELY INTERESTED IN PEACE AND CREATE A SEMBLANCE OF MOVEMENT ON ISRAEL'S PART, THUS PUTTING THE BALL BACK IN THE ARAB COURT;

(C) PROJECT AN IMAGE OF STATESMANSHIP, MODERATION, AND REASONABLENESS.

3. BEGIN HAS REFUSED TO ELABORATE ON HIS PROPOSALS AT THIS POINT, SAYING THAT DIPLOMATIC PROTOCOL REQUIRES THAT THEY NOT BE MADE PUBLIC BEFORE HE PRESENTS THEM TO PRESIDENT CARTER. NEVERTHELESS, SEVERAL ISRAELI PRESS REPORTS CITING GOVERNMENT SOURCES HAVE DESCRIBED SOME ELEMENTS OF BEGIN'S TIGHTLY-HELD PLAN. BEGIN'S PROPOSALS REGARDING THE PROCEDURAL ASPECTS OF RESTARTING PEACE TALKS REPORTEDLY STIPULATED THAT:

(A) HIS GOVERNMENT IS WILLING TO ATTEND A RECONVENED GENEVA CONFERENCE AS EARLY AS OCTOBER. ALTERNATIVELY, ISRAEL IS PREPARED TO ENTER INTO DIRECT NEGOTIATIONS WITH THE ARAB STATES, OR TALKS CONDUCTED VIA A "FRIENDLY" INTERMEDIARY.

(B) NEGOTIATIONS MUST BEGIN WITHOUT PRIOR CONDITIONS AND BOTH SIDES SHOULD BE ALLOWED TO PRESENT THEIR CONFIDENTIAL

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MAXIMUM DEMANDS AS A STARTING POINT. EVERY SUBJECT SHOULD BE OPEN FOR NEGOTIATIONS, INCLUDING THE WEST BANK

(C) ISRAEL ADAMANTLY OPPOSES PLO PARTICIPATION IN NEGOTIATIONS, BUT IS POSSIBLY WILLING TO ACCEPT INDIVIDUAL PLO MEMBERS AS PART OF THE JORDANIAN DELEGATION.

(D) ACCORDING TO THE JERUSALEM POST, BEGIN WILL LEAVE OPEN THE OPTION OF SEEKING FURTHER INTERIM AGREEMENTS SHOULD NEGOTIATIONS TOWARD AN OVERALL PEACE PROVE UNWORKABLE.

4. SUBSTANTIVELY, BEGIN'S PLAN REPORTEDLY CALLS FOR:

(A) SUBSTANTIAL ISRAELI WITHDRAWALS IN THE SINAI AND GOLAN IN RETURN FOR TOTAL PEACE.

(B) A "DIVISION OF FUNCTIONS" SOLUTION FOR THE WEST BANK, WHEREBY ISRAEL WOULD RETAIN MILITARY AND SECURITY CONTROL WHILE JORDAN WOULD ASSUME ITS ADMINISTRATION. WEST

BANKERS WOULD RETAIN JORDANIAN CITIZENSHIP AND VOTE IN JORDAN'S PARLIAMENTARY ELECTIONS.

(C) THE RIGHT OF ISRAELIS TO ESTABLISH ADDITIONAL SETTLEMENTS IN THE WEST BANK, GIVEN ISRAEL'S HISTORICAL TIES TO THE REGION AND THE COUNTRY'S SECURITY NEEDS.

(D) TREATMENT OF THE PALESTINIAN ISSUE AS A REFUGEE PROBLEM REQUIRING A HUMANITARIAN SOLUTION, RATHER THAN A POLITICAL ISSUE TO BE RESOLVED THROUGH EITHER A HOMELAND OR STATEHOOD.

(E) "NORMALIZATION" OF ARAB-ISRAELI RELATIONS AS PART OF A FINAL PEACE SETTLEMENT, INCLUDING OPEN BORDER, FULL  
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DIPLOMATIC RELATIONS AND "UNLIMITED ECONOMIC COOPERATION." (IT IS INTERESTING TO NOTE THAT BEGIN HAS NOT STRESSED THE TIMING OF A NORMALIZATION OF RELATIONS, A POSSIBLE INDICATION, WE BELIEVE, THAT HE MIGHT BE AMENABLE TO GRADUAL NORMALIZATION ALONG THE LINES OF SADAT'S FIVE-YEAR PERIOD AFTER A PEACE AGREEMENT IS SIGNED.)

5. DESPITE BEGIN'S REFUSAL TO REVEAL HIS PROPOSALS, THESE POINTS AS CONTAINED IN THE PRESS SEEM PLAUSIBLE. WE NOTE THAT THEY ARE CONSISTENT WITH LIKUD'S BASIC COALITION GUIDELINES AND WITH BEGIN'S AND DAYAN'S PUBLIC REMARKS OVER THE PAST SEVERAL WEEKS. DAYAN'S INFLUENCE CAN BE SEEN IN SOME OF THE ELEMENTS (I.E. THE "FUNCTIONAL" WEST BANK SOLUTION). AS SUCH, IT IS POSSIBLE THAT BEGIN'S PROPOSAL MAY PROVE TO CONTAIN A NEW TWIST OR TWO, GIVEN DAYAN'S INNOVATIVE THINKING AND MAVERICK NATURE.

6. AN ISRAELI DIPLOMAT HAS TOLD EMBASSY TEL AVIV THAT ISRAEL WILL BE REPRESENTED AT NEXT FALL'S 32ND UN GENERAL ASSEMBLY BY FOREIGN MINISTER DAYAN, TENTATIVELY SCHEDULED TO ADDRESS THE ASSEMBLY ON OCTOBER 11. DAYAN HOPES TO USE THE TRIP TO MEET WITH OTHER UN REPRESENTATIVES AND TO VISIT WASHINGTON. (CONFIDENTIAL)

7. EGYPT. PRESS REPORTS INDICATE THAT SADAT TOLD THE HAMILTON CONGRESSIONAL DELEGATION THAT EGYPT COULD NORMALIZE RELATIONS WITH ISRAEL FIVE YEARS AFTER BOTH SIDES IMPLEMENT A PEACE AGREEMENT. "AFTER FOUR WARS OVER THE PAST 29 YEARS GOVERNED BY HATRED AND VIOLENCE..., WE CANNOT BEGIN OPENING OUR BORDERS AND ESTABLISHING ECONOMIC AND DIPLOMATIC RELATIONS IMMEDIATELY." HE SAID ISRAELI WITHDRAWAL MIGHT TAKE THREE TO SIX MONTHS AND "NOT MORE AS THE ISRAELIS ARE DREAMING." ON AFRICA HE  
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OBSERVED THAT THE US IS GIVING THE USSR A FREE HAND AND AN ATTACK ON THE SUDAN WILL BE CONSIDERED AN ATTACK ON EGYPT.

8. FOREIGN MINISTER FAHMY ON JULY 12 EXPRESSED EGYPTIAN CONCERN OVER A JERUSALEM POST REPORT THAT ISRAEL PLANS TO EXPAND ITS SETTLEMENTS IN THE SINAI. HE NOTED THAT SADAT FELT DEEPLY ABOUT THESE SETTLEMENTS, BUT HAD REFRAINED FROM PUBLIC STATEMENTS IN THE PAST FEW WEEKS TO MAKE THE ATMOSPHERE CONDUCIVE TO SUCCESSFUL CARTER/BEGIN TALKS. HE WARNED, HOWEVER, THAT IF THE ISRAELIS CONTINUE TO FLAUNT THEIR SETTLEMENTS POLICY, SADAT WILL BE FORCED TO RESPOND.

9. SADAT APPARENTLY HOPES THAT PRESIDENT CARTER WILL MAKE CLEAR TO BEGIN THAT THE ISRAELI SETTLEMENTS POLICY IS A MAJOR IMPEDIMENT TO PEACE. IT ALSO SEEMS CLEAR FAHMY IS CHAFING TO ISSUE A STRONG STATEMENT IN RESPONSE TO THE SETTLEMENTS STORY BUT IS BEING HELD BACK BY SADAT.

10. OTHER PRESS REPORTS FROM CAIRO RELATED THAT CONGRESSMAN HAMILTON AND OBEY MET WITH ARAFAT FOLLOWING THEIR MEETING WITH SADAT. DETAILS OF THE MEETING WERE NOT IMMEDIATELY AVAILABLE. (CONFIDENTIAL)  
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